

# Tax Bulletin

Missouri Department of Revenue

Volume 9, No. 1

Spring 2000

## Directly Speaking . . .



In the months since the Fall 1999 edition of the *Tax Bulletin*, the Department of Revenue has continued to build a customer-centered culture and promote accountability for results. I'm very pleased with the progress achieved by members of the department in such a short time. I'm especially pleased that a Department of Revenue team working to simplify income tax forms and speed up refunds and deposits was awarded a Missouri Team Quality Award, the first ever won by a public sector team.



Other Department of Revenue teams have improved the audit process, sales tax forms, sales and use tax regulations, motor vehicle registration, driver licensing and the department web site. Missouri citizens are enjoying the fruits of the hard work of members of the department. However, we know we still have a long way to go.

Our task remains, as I stated in the most recent *Tax Bulletin*, to "use every tool at our disposal to help achieve the results to which we are committed." These results include increasing voluntary compliance with our requirements, reducing the cost of compliance and increasing the customer satisfaction with our products and performance excellence of our employees.

Contact with elected officials, about which I wrote last Fall, continues as an important part of these efforts. This relationship also remains an area where we must do more to achieve the success we are seeking. The Department of Revenue plays an important and appropriate role in support of the legislative process by providing information to decision makers about the potential impact of proposed statutory changes. However, choosing to provide this information is not always the "safe" path to take, as I have learned during this Spring's legislative session.

During this session, several department officials, including me, provided information to members of the House and Senate about two legislative proposals under consideration. We raised serious questions about the possible consequences of the legislation, and saw support for these measures wane. Reacting to complaints from backers of the legislation, the Missouri House voted to cut five positions and \$225,000 in funding from the Department of Revenue, and in so doing, indicated that the department should eliminate its legislative analyst positions. (In a strange twist, the sponsor of this cut in funding also expressed strong support for the department's improvement efforts.)

While I can understand the disappointment of the supporters of the legislation, I can't imagine that most legislators would want the department to keep silent on possible problems with tax legislation. I believe failing to raise such concerns would be a violation of our public trust. However, these events send a message. They tell me that I need to explain our support for the legislative process of policy making just as strongly as we describe the department's commitment to promoting fairness and simplicity in tax policy.

I am concerned that the role played by Department of Revenue employees in assisting legislators has been misunderstood. First, our role is to provide information to legislators to allow them to make more informed policy decisions. I believe we have adhered to this standard. Second, the vast majority of the department's contact with the legislature involves responding to legislative requests for assistance in drafting legislation, evaluating the impact of legislative proposals and responding to constituent contacts.

To improve communication on this subject, I plan to do more to explain to elected officials the department's strong support for, and appropriate role in, the legislative process of policy making.

Quentin Wilson  
Director of Revenue

## Tax Credits Available for Tax Year 2000

by Rita Horstman, (573) 751-5855

Effective January 1, 2000, four new tax credits were available as a result of the 1999 legislative session. The year 2000 tax credits include the Americans with Disabilities Act Tax Credit, Section 135.490, RSMo; the Mature Worker Child Care Program Tax Credit, Section 620.1560, RSMo; the Rebuilding Communities and Neighborhood Preservation Act Tax Credit, Section 135.475 to 135.487



RSMo; and the Shared Care Tax Credit, Section 660.055, RSMo.

The Missouri Department of Revenue administers the Americans with Disabilities Act Tax Credit. An eligible small business may qualify to receive a credit against tax due pursuant to Chapter 143, RSMo to offset the cost of complying with access requirements provided by the Americans with Disabilities Act of 1990. The allowable credit is 50% of the amount in which expenditures exceed the monetary cap provided in Section 44 of the Internal Revenue Code. (The monetary cap is \$10,250.)

The total credit cannot exceed \$5,000. The amount of the credit in excess of the tax due may be carried forward to any subsequent taxable year, but is nonrefundable and nontransferable. The Americans with Disabilities Act Tax Credit will be available on Form MO-TC, Miscellaneous Tax Credits for the 2000 tax year.

The Mature Worker Child Care Credit is administered by the Department of Economic Development. The Mature Worker Child Care Program enrolls disadvantaged individuals who are fifty years of age or older, to work in child care assignments. Taxpayers may receive a credit against tax imposed by Chapters 143, 147, 148 or 153, RSMo. The allowable credit is 25% of individual salaries paid; up to \$10,000 per program participant. The credit may not exceed the amount of tax liability. Taxpayers eligible for the credit may transfer, sell or assign the credit.

The Department of Economic Development administers the Rebuilding Communities and Neighborhood Preservation Act Tax Credit. An eligible taxpayer may qualify to receive a credit against tax due pursuant to Chapters 143, 147, or 148 RSMo to offset part of the cost of investment in repair or

construction of owner-occupied housing in moderate income neighborhoods throughout Missouri. The allowable credit amount varies depending upon the expenses incurred and the applicable percentages established in Section 135.481 RSMo. The amount of the credit, which exceeds the tax liability, may be carried back to any of the taxpayer's three prior tax years and carried forward to any of the taxpayer's five subsequent tax years. Taxpayers eligible for the credit may transfer, sell or assign the credit.

The Division of Aging and the Missouri Department of Revenue administer the Shared Care Tax Credit. The Shared Care Tax Credit provides shared care members registered with the Division of Aging a credit equal to the taxpayer's individual income tax liability or \$500, whichever is less, to defray the cost of caring for an elderly person. To qualify for the tax credit, the caregiver must care for an



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Missouri Department of Revenue

Mel Carnahan, Governor; Quentin Wilson, Director of Revenue; Carol Russell Fischer, Director, Division of Taxation and Collection

*Tax Bulletin* is published three times a year by the Missouri Department of Revenue, Linda Bushman, Editor; Rita Horstman, Printing Services Coordinator; Mitzi Crump, Senior Publications Specialist. Comments and suggestions should be sent to Missouri Department of Revenue, 301 W. High St., P.O. Box 629, Jefferson City, Missouri 65105-0629, or you may submit e-mail to Linda\_Bushman@mail.dor.state.mo.us

elderly person age sixty or older who:

- is physically or mentally incapable of living alone, as determined and certified by his or her licensed physician or by the Division of Aging staff; and
- requires assistance with activities of daily living to the extent that without care and oversight at home would require placement in a facility; and
- under no circumstances, is able or allowed to operate a motor vehicle; and
- does not receive funding or services through Medicaid or social services block grant funding.

The caregiver must live in the same residence to give protective oversight for an aggregate of more than six months per tax year. The caregiver must not receive monetary compensation for providing care for the elderly person. To obtain this credit, Form MO-SCC, Shared Care Tax Credit, must be completed and accompany the individual income tax return. Form MO-TC, Miscellaneous Tax Credits, must also accompany the tax return. The Shared Care Tax Credit is nonrefundable. If a caregiver otherwise meets the requirements for the Shared Care Tax Credit, but is not a registered shared care

member, the taxpayer may register with the Division of Aging by accessing the Division of Aging web site at [www.dss.state.mo.us/da](http://www.dss.state.mo.us/da) or by calling (800) 235-5503.

If you have questions or need more information regarding the tax credits available for tax year 2000, you may send e-mail to [taxcredit@mail.dor.state.mo.us](mailto:taxcredit@mail.dor.state.mo.us) or you may call (573) 522-2089 or (573) 751-5819. Please visit the following web site for more information about tax credits administered by the Missouri Department of Revenue.

<http://dor.state.mo.us/tax/forms/miscfrms/txcredit.pdf>

## WEBFile 2000

by Rita Horstman, (573) 751-5855

The Missouri Department of Revenue has taken the first step towards providing an online filing application for all individual income tax filers. The department posted a link on the Division of Taxation and Collection web site March 20, 2000, which provides free internet filing for simple returns! The name of the application is WebFile 2000. Any taxpayer who received a Telefile Book is eligible to file his or her income tax return over the internet by using WebFile 2000. The taxpayer must have his or her Personal Identification Number and Name Control Number provided on the Telefile Book mailing label.

Although WebFile 2000 is limited to taxpayers who received a Telefile Book, it has given the department an edge on the skills and knowledge necessary to provide an online filing tool for all taxpayers in the future. If you have questions or comments about internet fil-

ing, please send e-mail to [WebFile2000@mail.dor.state.mo.us](mailto:WebFile2000@mail.dor.state.mo.us) or call (573) 751-5855. You may visit the following web site to access the link for WebFile 2000.

<http://dor.state.mo.us/tax/elecprog.htm>



## Sales Tax Audit Team Update

The sales tax audit team was chartered by Director Wilson to look for ways to maximize efficiency on audits in order to lower costs to taxpayers, provide consistent treatment of taxpayers and issues and promote voluntary compliance. The audit team's findings and recommendations were published in the previous issue of the *Tax Bulletin*. In response to the audit teams findings, the department agreed to do the following:

- Prepare and distribute booklets that tell taxpayers what to expect during an audit;
- Contact new sales tax registrants and offer assistance;
- Use formalized set of audit selection criteria;
- Increase pre-audit planning and discussion;
- Increase the emphasis on how well audits are planned and conducted; and
- Enhance auditor training.

Field audit has completed virtually every phase of the above. Including:

- A booklet entitled *What to Expect In a Sales and Use Tax Audit — A taxpayer's*

*guide to the audit process has been finalized.*

A booklet can be acquired from any auditor or field audit office.

- Field Audit has begun contacting new sales tax registrants to offer assistance and provide guidance. The overall reaction from taxpayers has been positive.
- A set of audit selection criteria has been developed and distributed to all personnel.
- Supervisors and auditors have increased pre-audit planning and discussion.
- Auditors are now evaluated on how they plan, conduct, and submit audits.
- A continuing auditor training program has been developed. The first session of the program was held in March and was open to all experienced audit personnel.

Field Audit is continually reviewing processes to promote audit efficiency and lower costs for taxpayers. If you have any feedback or questions regarding the operations of Field Audit please call (573) 751-4816.

## Tax Practitioner List Serve

*by Stan Farmer, (573) 751-5733*

One of the department's priorities is to improve communication with the public. An initiative to accomplish that priority is a list serve for tax practitioners. To date, the list serve has not been used extensively because the department has been recruiting participants. However, that is about to change.

The first list serve service the department offered was to send a notification of when the



*Tax Bulletin's* publication is available on the department's web site.

Beginning in April, the department is rolling out its next recurring service using the list serve. Every month each participant will receive a monthly tax calendar listing tax returns that are due the following month. The calendar can be viewed on the participant's computer or printed and hung in a convenient location as a reminder.

If you are not a member of this service and would like to enroll, follow these simple instructions—send an email to:

[majordomo@mail.state.mo.us](mailto:majordomo@mail.state.mo.us) and include subscribe tax-practitioners in the body of the email. Within a couple of days you will receive a confirmation of enrollment and begin receiving periodic distributions including the two above.

## Free Business Tax Training Seminars

*by Randy Sullens, (573) 751-3958*

The Missouri Department of Revenue offers free business tax training seminars to familiarize new businesses with tax related issues. The seminars cover sales tax, withholding tax and business tax registration. Listed below are upcoming seminars:

### COLUMBIA AREA

*May 17, 2000 / October 18, 2000*

9:30 a.m. to 11:30 a.m.

Columbia Tax Assistance Center  
1500 Vandiver Drive, Room 113  
Columbia, MO 65202  
(573) 884-3814

### CAPE GIRARDEAU AREA

*June 13, 2000 / November 17, 2000*

1:00 p.m. to 3:00 p.m.

Cape Girardeau Tax Assistance Center  
3102 Blattner Drive, Suite 102  
Cape Girardeau, MO 63702-0909  
(573) 290-5850

### JEFFERSON CITY AREA

*May 17, 2000 / June 7, 2000*

10:00 a.m. to 12:00 p.m.

2018 William Street  
Jefferson City, MO 65105  
(573) 751-7191

### JOPLIN AREA

*May 9, 2000 / September 12, 2000*

9:00 a.m. to 11:00 a.m.

Joplin Tax Assistance Center  
1110 East Seventh Street, Suite 400  
Joplin, MO 64801-2286  
(417) 629-3070

### KANSAS CITY AREA

*May 12, 2000 / August 11, 2000*

2:00 p.m. to 4:00 p.m.

Kansas City Tax Assistance Center  
615 East 13th Street, Room 127  
Kansas City, MO 64106-4039  
(816) 889-2944

### SPRINGFIELD AREA

*March 24, 2000 / June 2, 2000*

3:30 p.m. to 4:30 p.m.

Springfield Tax Assistance Center  
149 Park Central Square, Room 313  
Springfield, MO 65806-1386  
(417) 895-6474

### ST. JOSEPH AREA

*March 22, 2000 / October 25, 2000*

1:00 p.m. to 3:00 p.m.

St. Joseph Tax Assistance Center  
525 Jules, Room 314  
St. Joseph, MO 64501-1900  
(816) 387-2230

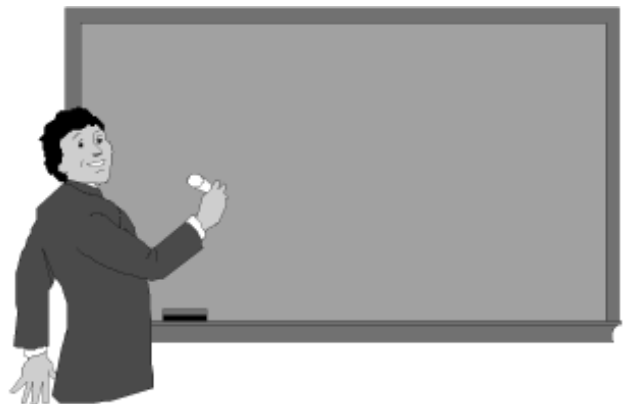
### ST. LOUIS AREA

*May 10, 2000 / August 9, 2000 /*

*October 11, 2000*

2:00 p.m. to 4:00 p.m.

St. Louis Tax Assistance Center  
2510 South Brentwood, Suite 300  
Brentwood, MO 63144-2391  
(314) 301-1660



Seating is limited in some areas — please contact one of the Tax Assistance Centers at the phone numbers listed above to make your reservation.



## Letter Rulings

*by General Counsel's Office, (573) 751-2633*

The following is a list of the letter rulings issued during the period of November 3, 1999 to February 28, 2000.

LETTER #	DESCRIPTION
1878	Sale of Water Services for Domestic Use
1920	Log Home Packages Shipped from Out-of-State
1948	Manufacturing — Steel Products
1950	Manufacturing — Specialty Materials
1958	Advertising Brochures Shipped from Out-of-State
1960	Computer Software Products
1991	Health Products
2005	Place of Amusement — Vending Machines and Parts
2014	Construction — Out-of-State Products
2015	Manufacturing — Air Conditioning Units
2033	Parts and Labor Purchased from Another State
2042	Sale of Advertising
2046	Alarm Services
2050	State Tuition Program
2066	Manufacturing — Out-of-State Corporation
2067	Special Needs Adoption Tax Credits
2077	Membership Dues
2093	Fuel Purchases for Tax Exempt Organizations
2114	Place of Amusement — Catering Charges
2115	Membership Dues and Club Sales
2130	Clubroom Sales to Members
2142	Contractors — Dual Operator
2164	Manufacturing — Water Treatment Materials
2190	Manufacturing — Cutting Tools
2193	Lease/Rental — Employee Tools
2274	Low Income Housing Credits



Copies of the sanitized version of these letter rulings are available at a cost of \$1.10 plus sales tax of 6.225% each by writing to the Department of Revenue, General Counsel's Office, P.O. Box 475, Jefferson City, MO 65105-0475. Copies may also be obtained from the department's Internet web page <http://dor.state.mo.us>.



### State Holidays

*State offices will be closed in observance of the following holidays.*

- May 8 Truman's Birthday
- May 29 Memorial Day
- July 4 Independence Day



## 2D Barcode Update

by Mitzi Crump, (573) 751-6787

The Department has implemented a pilot program with software vendors to allow 2D barcode scanning of income tax returns. As of March 28, 2000, a total of 35,060 returns have been processed using 2D barcode scanning. This new technology has been very beneficial to the department as well as to the taxpayer.

Scanning the returns using 2D barcode technology allows approximately three times the returns to be processed an hour as opposed to manual processing.



The processing error rate on returns has been reduced by using 2D barcode technology. A separate P.O. Box 3370 for 2D returns has resulted in faster processing. Implementing the use of 2D barcode scanning makes us all a winner! The department speeds up the return processing time allowing the taxpayer to receive refunds faster.

Two software vendors (H & R Block and Creative Solutions) participated in the 2D barcode scanning during tax year 1999. Tax year 2000 will include several more software vendors taking part in this exciting program.

Look in future issues of *Tax Bulletin* for updates on 2D barcode scanning.

## Check Out the Department's Newest Effort to Simplify!

by Rita Horstman and Mitzi Crump  
(573) 751-5855 or (573) 751-6787

The Missouri Department of Revenue is pleased to offer a new tool to help individuals file their income tax returns. Fill-in forms that calculate are now available on the department's web site. These forms allow you to input the data and the program will do the calculations for you. Adobe Reader 4.0 must be downloaded prior to accessing the forms. (Links to upgrade are provided on the department's web site.) Once the download is complete, you must access the file on your hard drive to "unpack" the file. After you have Adobe Reader 4.0 downloaded, you are ready to begin. The fill-in forms that calculate are another way to simplify the tax filing process. A link to access the forms is provided on the Division of Taxation Forms Page or you can access the following web site.

<http://dor.state.mo.us/tax/fillform.htm>

If you have questions or comments, please e-mail [calculate@mail.dor.state.mo.us](mailto:calculate@mail.dor.state.mo.us) or call (573) 751-6787 or (573) 751-5855.



## Electronic Services at Department of Revenue

The Missouri Department of Revenue's vision for the taxpayers of the State of Missouri is to SIMPLIFY. Missourians have told the department they want tax filing that is easier, takes less time and gets them their refund quickly, while providing peace of mind that they have provided the information correctly. In order to respond to these preferences, Missouri has promoted electronic filing by preparers and taxpayers, telephone filing by individuals, called Telefile, and the use of new, simpler forms by Missourians who still file paper returns.

The department, in conjunction with the Internal Revenue Service, participates in an electronic filing program which allows practitioners to complete the customer's tax return and electronically send the information to the Internal Revenue Service who forwards the state information to the Department of Revenue.

In addition to speed and ease of use, the telephone filing process checks the calculations of taxpayers, ensuring more accurate returns, while returning refund checks quickly. In fact, Missourians

who Telefile can have their refund directly deposited into their savings or checking accounts less than five days after filing.

The department, along with the Internal Revenue Service, anticipates this being the best year ever for electronically filed returns. The



Department of Revenue has processed over 440,000 electronically filed returns already this year. That is a 42% increase over this date last year.

For simpler returns, Telefile is fast, easy and you can file using your touch-tone telephone. If you only had one income in your household last year you should have received a MO-1040T Telefile booklet this year. Telefile is in its 4th tax season and is as easy as dialing a toll free number and inputting the figures requested on the worksheet provided in the tax booklet. When the citizen receives a confir-

mation number the department immediately receives the return. A Telefile refund return received on Monday will have a refund check in the mail on Wednesday. The department, as of this writing, has received over 100,000 Telefile returns, surpassing the total Telefile filings last year.

This tax season the Department of Revenue mailed five different income tax booklets to people who have previously filed tax returns. Depending upon how you filed your taxes last year, you may have received a Telefile booklet (MO-1040T); a Married Short Form booklet (MO-1040B); a Short Form booklet (MO-1040A); Non-Resident Short Form booklet (MO-1040C) or the Individual Long Form booklet (MO-1040). The additional booklets were developed because citizens asked the department to simplify their filing by providing forms that more closely fit their needs.

To date, the department has processed over 1.3 million income tax returns (E-File, Telefile and Paper).

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## COURT CASES

by General Counsel's Office, (573) 751-2633

**INCOME TAX**

**Wilmont G. and Carol M. Adams v. Director of Revenue, Case Nos. 980358 RI and 98-0969 RI (AHC, 7/5/99).**

Wilmont G. and Carol M. Adams (Taxpayers) were shareholders in an S corporation, which did business in New York and New Jersey, among other places. Taxpayers claimed credit for taxes paid to New York and New Jersey. They contended those taxes were income taxes. The Taxpayers dropped the issue of the New York tax, admitting that the tax was not an income tax. The Taxpayers preceded on the issue of whether the New Jersey Corporate Business Tax (CBT) was an income tax.

The Administrative Hearing Commission decided that the New Jersey CBT was not an income tax, and therefore the Taxpayers were not entitled to a credit for the tax paid to New Jersey.

**INCOME TAX**

**Rashele Alexander v. Director of Revenue, Case No. 98-22 16 RI (AHC, 7/15/99).**

Rashele Alexander (Taxpayer) was a Texas resident. When she left Texas in 1992 to move to Missouri, she withdrew money from pension plans. One of the pension

plans credited Taxpayer as having taken a loan against her pension, and requested that she make payments. When Taxpayer did not make payments, the pension plan credited her with income, using a Form 1099-R. The Form 1099-R was issued for the tax year 1994.

The Administrative Hearing Commission (AHC) said they were not required to follow the federal treatment of the income, and even though the amounts from the Form 1099-R were included in Taxpayer's federal adjusted gross income for 1994, the AHC said the income should be included in the Taxpayer's 1992 income, when she received the money. Because the Taxpayer was a Texas resident when she received the income, the Taxpayer was not liable for Missouri income tax on the income shown on the Form 1099-R.

**INCOME TAX**

**Consumer Programs, Inc. v. Director of Revenue, Case No. 98-3281 RI (AHC, 10/7/99).**

The Consumer Programs, Inc. (Taxpayer) operated retail portrait studios throughout the United States and Canada. The sales at issue involved portraits taken at studios outside Missouri, when the exposed film was shipped to a process-

ing facility in St. Louis, Missouri, and the processed portrait sheets were shipped back to the out-of-state studios where they were purchased by the customer. The Taxpayer used the single factor method of apportionment and classified these sales as wholly without Missouri. The director determined that these sales were partly within and partly without Missouri and assessed tax, interest and additions to the taxpayer. The Taxpayer



paid the assessment under protest.

The Administrative Hearing Commission (AHC) determined that Section 5 143.451.2(3)(d), RSMo, which applies to "transactions in which tangible property was moved from within this state to another state prior to shipment to the purchaser," did not apply in this case because there was no shipment to the purchaser after the property was moved to another state. The AHC further determined that the seller's shipping point was the processing facility in Missouri and the purchaser's destination point was outside this state, so the transaction is

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partly within this state and partly without this state under Section 143.45 1.2(3)(b), RSMo.

The AHC upheld the Director's assessment of income tax and interest. The Director previously abated the additions to tax and the Taxpayer is entitled to a refund of the additions.



## SALES TAX

**Hogan Motor Leasing, Inc. v. Director of Revenue, 98-00 1305RV (AHC, 1999)**

Hogan Motor Leasing, Inc. (Taxpayer), a common carrier, purchased several satellite communication units for installation upon its motor vehicles used in the interstate transport of persons and property. The basic hardware for the operation of the satellite units and a software related module used to track the physical location of the motor vehicles were purchased first. Approximately two years later, the Taxpayer purchased two additional software functions, one to allow the Taxpayer to monitor the driver's performance while operating the motor vehicle and, one to monitor oil pressure, engine performance, etc. The Director conducted an audit of the Taxpayer's business records and assessed the taxpayer use taxes on its purchase of the satellite tracking system. The audit did not include the period in which the two additional system functions were purchased. The Taxpayer

appealed the assessments to the Administrative Hearing Commission (AHC).

The Taxpayer argued that the satellite systems were exempt under Section 144.030.2(3), RSMo 1994 as "equipment purchased for use directly upon, and for the repair and maintenance or manufacture of, motor vehicles, . . . engaged as common carriers of persons or property." The Director argued that the satellite system when originally purchased by the taxpayer neither repaired nor maintained a motor vehicle. He further argued that the use of the two additional functions purchased by the Taxpayer subsequent to the purchase of the original basic system should not be taken into account with deciding whether the original equipment was exempt under the statute.

The AHC found based on the intent of the Taxpayer at the time of the purchases of the satellite systems that the purchases were exempt. It based its finding on the fact that the purchases were the first in a series of purchases intended by the Taxpayer to provide it with a complete system that includes functions the AHC found to be repair and maintenance.



## SALES TAX

**Macauley Osaisai, d/b/a Easr Labs v. Director of Revenue, 98-3304AF (AHC, 1999).**

The Macauley Osaisai, d/b/a Easr Labs (Taxpayer) operated a retail sales business in the state of Missouri.

During the period April 1, 1996 through June 30, 1996, Taxpayer had no retail sales but failed to file the sales tax returns required by statute. Due to the Taxpayer's failure to file the returns, the Director issued assessments estimating the Taxpayer's tax liability for that period.

Sometime after the assessments had become final, due to the expiration of the statutory appeal period, the Taxpayer telephoned the department and stated that his business had made no taxable sales during that period.

The Taxpayer had not filed the sales tax returns at that time. In accordance with statutory provision, the department filed liens with the appropriate county office. A department employee completed sales tax returns reflecting no sales for the tax period, April 1, 1996 through June 30, 1996 and July 1, 1996 through September 30, 1996, and mailed them to the Taxpayer for his signature. Prior to the Taxpayer returning the sales tax returns to the department, it issued an assessment for the tax period, July 1, 1996 through September 30, 1996. After the assessment was issued, the department received the signed sales tax returns. Based on the returns, the department withdrew the assessments and issued a lien release. The

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Taxpayer requested that the liens be expunged because he had no taxable sales and therefore, no tax liability. The Director denied the request for an expungement based on his belief that the liens were not “erroneously or improvidently filed.” The taxpayer appealed the denial to the Administrative Hearing Commission (AHC). After a hearing, the Director agreed to issue an expungement of the lien. The Taxpayer filed an application for expenses (costs). He contended that the Director was not substantially justified in denying his request for an expungement of the lien.

The AHC found that the purpose of Section 144.380, RSMo, which provides the conditions for expungement, was designed to provide a taxpayer with a remedy when a lien is “erroneously or improvidently filed.” It found that the department was justified in filing the lien but not in denying to expunge the lien. The AHC stated that the definition of “improvident” is “without proper information as to all the circumstances affecting it or based upon mistaken assumption or misleading information.” It found that the Director’s filing of the lien was based on incomplete information and therefore, was improvidently filed.

It further found that when a lien is improvidently filed, the statute requires expungement of the lien and the Director’s failure to do so was not substantially justified.



## SALES TAX

**Robert R. Parrish, Sr. & Peggy M. Parrish v. Director of Revenue, 97-00 164 1 RV (AHC, 1998)**

Robert R. Parrish & Peggy M. Parrish (Taxpayers) purchased a motor vehicle in the state of Florida while on vacation. The Taxpayers were told by the salesman that any sales taxes paid to the state of Florida would be credited to the state of Missouri. The Taxpayers telephoned an employee of the Missouri



Department of Revenue in Joplin, Missouri. The employee expressed the opinion that the Taxpayers would be entitled to a refund of taxes paid to the state of Florida if, they sold another motor vehicle in accordance with Section 144.025, RSMo. The purchase price of the motor vehicle purchased in Florida was \$38,806.45. The Florida tax rate was 6%. Taxpayers paid sales taxes in the state of Florida in the amount of \$2,328.38. The tax rate in the city of Joplin was 6.45%. Within the time frame

required by Section 144.025, RSMo, the Taxpayers sold a motor vehicle for \$23,000.00. When the Taxpayers applied for a title and license for the new car, the Department of Revenue gave the Taxpayers a credit of \$23,000.00 against the purchase price resulting in a new purchase price of \$15,806.45. Based on the new purchase price and the tax rate of 6.45%, the taxes due were \$1,019.52. Because the Taxpayers had paid \$2,328.38 to Florida, the Taxpayers were given a credit in that amount and they were not required to pay any Missouri highway use tax. The Taxpayers filed an application for a refund of the difference between the \$2,328.38 paid to Florida and the \$1,019.52 that would have been due to this state. The Director denied the request and the Taxpayers appealed.

The Taxpayers argued that they had overpaid Missouri sales taxes when they paid the sales taxes to Florida on the purchase of their motor vehicle because they had sold a motor vehicle under the provisions of Section 144.025, RSMo, and as a result were entitled to a refund. The Director argued that the taxes paid by the Taxpayers to the state of Florida were payments to Florida and not to Missouri.

The Administrative Hearing Commission (AHC) found that the Taxpayers’ payment of sales taxes were to the state of Florida not to Missouri and there was no overpayment of Missouri sales taxes when they

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sold a motor vehicle and claimed a credit pursuant to Section 144.025, RSMo. The AHC further found that because there was no overpayment of taxes, the Taxpayers were not entitled to the requested refund.



## SALES TAX

**Robert Richard v. Director of Revenue, Case No. 98-3388 RI (AHC, 10/8/99).**

The Administrative Hearing Commission (AHC) determined that Robert Richard (Taxpayer) was a Missouri resident for 1996 and was subject to 1996 Missouri income tax.

The Taxpayer graduated from high school in Missouri. He served in the Navy and Missouri remained his home of record. He attended a Missouri university and lived in Missouri. On graduation, he was a R.N. In 1993, he bought a house in Arkansas and from 1993 through January 1996 he worked in both Missouri and Arkansas and slept five nights a week in Arkansas and two nights a week in Missouri with family. In 1996, the Taxpayer became a traveling nurse and from January 1996 to May 1998 he took temporary assignments in Memphis, Tennessee. During 1996, his employer provided him with housing and he changed housing on a consistent basis. In April 1997, he moved to a house that he

leased with an option to buy. In September 1997, he moved to an apartment. In May 1998, Taxpayer was married and moved to Missouri.

In 1994, the Taxpayer and his parents bought land in Alton, Missouri, and opened a travel trailer park and a canoe facility named Almost Paradise. During the summer, he visited almost every weekend to help run the business. He kept four or five vehicles there and held a Missouri commercial driver's license. He slept in Almost Paradise's administrative building and kept important records there, including tax documents. In November 1997, the administrative building burned.



In 1993, while he lived in Arkansas, the Taxpayer bought a 1993 Geo Metro. He titled it in Missouri, using his parents' address and kept Missouri license plates until October 1997, when he obtained Tennessee license plates. He never failed to renew his Missouri driver's license and has never held a license from another state. He has never registered to vote anywhere but Missouri and his

only bank accounts have been in Missouri. On the advice of a tax professional, the Taxpayer filed a 1996 United States income tax return using the Almost Paradise address. He did not file a 1996 Missouri return because he believed he was not a Missouri resident, also on the advice of the tax professional. In 1996, he also used his parent's address as his mailing address.

Section 143.101.1, RSMo, defines a resident of Missouri as an individual who is domiciled in Missouri, unless he meets all three of the requirements for nonresidency set out in that statute. The AHC concluded that the Taxpayer was domiciled in Missouri in 1996. He had not effectuated a change in domicile by 1996, because he had not decided to remain indefinitely someplace outside Missouri. The facts surrounding his move to Arkansas did not show any intent to remain indefinitely in Arkansas and the facts surrounding his move to Tennessee did not show any intent to remain indefinitely in Tennessee. The Taxpayer did not meet the test for nonresidency in Section 143.10 1.1, RSMo, because he maintained a permanent place of abode in Missouri—the Almost Paradise building that he referred to as his house.

The AHC held that the Taxpayer was a Missouri resident in 1996 and liable for the income tax and interest assessed by the Director.

*continued on page 13*





## SALES TAX

**Southwest Technologies, Inc. v. Director of Revenue, Case No. 98-001506 RV (AHC, Memorandum and Order, 10/13/99).**

The Southwest Technologies, Inc. (Taxpayer) was the manufacturer of non-prescription medical devices. The item at issue was burn dressings. The Taxpayer purchased the raw materials to make its product exempt from tax. Claiming the purchases were for resale, after manufacturing, the product was put into inventory. Samples that were distributed free to doctors, hospitals and other health care providers were taken from the inventory. The department audited the Taxpayer and assessed use tax on the purchase of the raw materials used in manufacturing the burn dressings. The Taxpayer paid the assessments under protest. The department denied the protest and the Taxpayer filed an appeal to the Administrative Hearing Commission (AHC).

The Taxpayer argued that it factored the cost of the raw materials into the sales price and for this reason the purchase of the raw materials was exempt. The AHC found that there was no quantitative connection between the free samples and sales of the burn dressings and the purchase of the raw materials was subject to tax.



## INCOME TAX

**Southwestern Bell Telephone Company v. Director of Revenue, Case No. 97-2203 RI (AHC, 10/7/99).**

Southwestern Bell Telephone Company (Taxpayer) was included as part of a federal consolidated return with its affiliated group, but filed separate-company Missouri returns. Taxpayer reported dividends it received as subtractions on the face of the return, failed to compute its apportionment fraction pursuant to the wire-mile method and failed to limit its deduction for federal income tax pursuant to statute. Taxpayer claimed interest on an overpayment of tax was municipal interest. The department adjusted Taxpayer's return to reflect the dividends as non-Missouri source income, to compute the apportionment fraction pursuant to the wire-mile method and to properly determine the federal income tax deduction. The department disallowed the claimed municipal interest. Taxpayer challenged the dividend subtraction and the computation of the federal income tax deduction.

The Administrative Hearing Commission (AHC) found the interest on the overpayment of state income tax was properly includable in federal taxable income. The AHC found the dividends were to be subtracted and were to be allocated as non-Missouri source income. The



dividends should not be included within apportionable income. The AHC determined Taxpayer was to have a federal income tax deduction, but agreed the department computation was the proper method. The federal income tax deduction is limited to the extent applicable to Missouri. The portion of federal income tax which derives from non-Missouri source income is not allowable as a deduction on the Missouri corporate income tax return pursuant to Section 143.45 1.8, RSMo. Finally, the AHC held the separate company fraction would not take eliminations into account in determining the Taxpayer's separate company federal income tax deduction.

The AHC concluded the department's computation of the limitation on the federal income tax deduction was a correct application of the statute and reached a correct result in this case. The AHC concluded the separate company fraction for determining the federal income tax deduction would not take eliminations into account.



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## INCOME TAX

**Glenn J. and Helen K. Stellman v. Director of Revenue, Case No. 99-27 1 ORI (AHC, 12/14/99).**

Glenn J. and Helen K. Stellman (Taxpayers) were part-year residents moving to Missouri from Washington on November 1, 1998. Taxpayers requested the department to complete a Missouri income tax return for them. The department made up the return using 2/12 of yearly amounts received for pension and social security payments as amounts received while a resident of Missouri. In calculating the Form MO-NRI, the department used all Taxpayer's interest amounts. Taxpayer requested a refund of tax, arguing only 1/12 of the yearly amounts received for pension and social security should be included in income and that the entire interest amounts should not have been included in income. (Taxpayer had originally requested "some \$200" in refunds, later Taxpayer argued that the entire amount of tax paid should be refunded, \$436.) The department denied the request and the Taxpayer appealed. The department filed a motion for summary determination; Taxpayer filed a cross motion for summary determination. The department filed a response. The AHC granted the department's motion for summary determination. Taxpayer filed a motion for reconsideration. The AHC denied the motion for reconsideration.

Taxpayers put forth two arguments. First, Taxpayer argued that the period of earning, and not the date of payment, determines whether the retirement income is Missouri source income. Civil Service paid Taxpayer's pensions on amounts earned the prior month, with earning periods running from December of one year to November of the next year. Taxpayer argued that the only pension income earned in Missouri for 1998 was earned in November and payment was received in December. Taxpayer argued that any amounts paid in November were earned in October when they were residents of Washington. The AHC found that income is taxable when received, as Taxpayer was a cash basis Taxpayer. Second, Taxpayer argued that pension income was non-Missouri source as it was earned at the federal level. The AHC found that income is no longer federally sourced when paid to the recipient.

The department accepted Taxpayer's breakdown of interest amounts between Missouri and Washington. The department also gave Taxpayer the benefit of the doubt on inconsistencies in pension income formulation. The AHC granted the department's motion for summary determination and granted Taxpayer a \$54 refund.



## SALES TAX

**Craig Wichern v. Director of Revenue, 97-001282RV (AHC, 1998)**

On November 4, 1996, Mr. Wichern (Taxpayer) purchased a new motor vehicle, registered the vehicle and paid the appropriate amount of state and local sales taxes. On November 19, 1996, Taxpayer's older model motor vehicle, which he had planned to sell, was stolen. On December 27, 1996, Taxpayer received a payment from his insurance to cover his loss of the older model motor vehicle. Taxpayer applied for a refund of a portion of the sales taxes he had paid on the purchase of the new motor vehicle. Taxpayer claimed that he was entitled to a refund under Section 144.027, RSMo 1994. The Director denied the refund request and Taxpayer appealed to the AHC.

The AHC found that Section 144.027, RSMo, requires that the purchased motor vehicle be purchased to replace a motor vehicle being "replaced due . . . to a casualty loss." It further found that the purchased motor vehicle was purchased prior to the casualty and therefore, was not purchased to replace the older motor vehicle "due to a casualty loss" as required by Section 144.027, RSMo. The AHC sustained the refund denial.



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## SALES TAX

**Zip Mail Services, Inc. v. Director of Revenue, 97-2706RV (AHC, 1999)**

The Zip Mail Services, Inc. (Taxpayer) was engaged in the business of selling mailing services to its customers. The service involved the Taxpayer receiving mail from its customers, which it passed through barcoding and sorting machines. The machines would place a barcode on each envelope. The barcode contained different information including the name and address of the addressee. The department conducted an audit of the Taxpayer's business records and assessed it use taxes on its purchases of mail sorting machinery, computer software (used in conjunction with the sorting machines) and various parts. The Taxpayer



appealed the assessments to the Administrative Hearing Commission (AHC).

The Taxpayer argued that its purchases of the mail sorting equipment and parts were exempt from use tax because the machines were exempt under Section 144.030.2(5), RSMo. It contended that it was manufacturing bar codes and selling the bar codes and selling the letter, to which the codes were attached, to the U.S. Government. It also argued that its purchases of software to use in connection with the mail sorting machines were exempt under Section 144.030.4, RSMo. The

Director argued that Taxpayer was not exempt under Section 144.030.2(4) or (5), RSMo, because Taxpayer was not manufacturing a product and was not making sales of any product.

The AHC did not rule on whether the Taxpayer was manufacturing a product. Instead, it found that the Taxpayer's purchases were not exempt under either Section 144.030.2(4) or (5), RSMo, because even if it were engaged in manufacturing, it was not making sales of a product that was produced as a result of that manufacturing. One of the requirements of the exemptions is that the purchaser use the equipment to manufacture a product for sale. The AHC found that the Taxpayer did not sell the bar codes, which was the product of its processes.

## Franchise Tax Update

*by Diane Luebbering, (573) 751-4981*

The department has been busy integrating the administration and collection duties of corporation franchise tax into the daily operations of the department. The department has received several questions regarding the new Corporation Franchise Tax Return (Form MO-FT).

Most franchise tax returns for the 2000 tax year were mailed to the address of the corporation and not the registered agent, if the department received the MITS number from the corporation. There-

fore, corporations should verify the address on the franchise tax return they receive to ensure that the address is correct.

The franchise tax return must be signed by an officer of the corporation even if the corporation does not owe franchise tax. However, if a corporation does not owe franchise tax, the corporation does not need to attach a balance sheet to the franchise tax return.

Corporations do not owe franchise tax if the assets of the corporation or the apportioned

assets of the foreign corporation do not exceed \$1,000,000; or the corporation is exempt from franchise tax pursuant to Section 147.010, RSMo Supp. 1999. In addition, corporations do not need to file zero extensions if the corporation does not owe franchise tax.

If you have any questions regarding franchise tax, you may contact the department by email at [franchise@mail.dor.state.mo.us](mailto:franchise@mail.dor.state.mo.us) or call (573) 751-2265.

## Rules Take Effect

*by Office of Legislation and Regulations, (573) 751-2110*

There are several rules relating to taxes that either have recently gone into effect or will become effective in the near future. A short recap of each rule is listed below along with the rule number and remarks about the effective date of the regulation.

- 12 CSR 10-3.003—**Rulings**
- 12 CSR 10-3.056—**Retreading Tires**
- 12 CSR 10-3.106—**Vending Machines on Premises of Owner**
- 12 CSR 10-3.108—**Vending Machines on Premises Other than Owner**
- 12 CSR 10-3.316—**Replacement Machinery and Equipment**
- 12 CSR 10-3.318—**Ceramic Greenware Molds**
- 12 CSR 10-3.320—**New or Expanded Plant**
- 12 CSR 10-3.324—**Rock Quarries**
- 12 CSR 10-3.326—**Direct Use**
- 12 CSR 10-3.327—**Exempt Machinery**
- 12 CSR 10-3.848—**Concrete Mixing Trucks**
- 12 CSR 10-4.295—**Rulings**

The above listed Sales/Use Tax Rules have been rescinded, and they are being replaced with new rules. Additional details regarding the above rules have been published in the *Code of State Regulations*, effective 01/30/00.

**12 CSR 10-43.020—Investment Instruments for Nonstate Funds.** This amendment adds Federal Farm Credit System Securities as an allowable investment instrument.

Proposed Amendment—This rule has been amended, the amended rule is published in the *Code of State Regulations*, effective 02/29/00.

**12 CSR 10-43.030—Collateral Requirements for Nonstate Funds.** This amendment adds Planned Amortization Class (PAC) Collateralized Mortgage Obligations (CMO) as allowable collateral securities.

Proposed Amendment—This rule has been amended, the amended rule is published in the *Code of State Regulations*, effective 02/29/00.

**12 CSR 10-111.010—Machinery and Equipment.** This rule explains what elements must be met in order to qualify for machinery and equipment exemptions. Sections 144.030.2(4) and (5), RSMo, exempt from taxation certain machinery, equipment, parts, materials and supplies.

Proposed Rule—The final Order of Rulemaking appeared in the February 1, 2000, *Missouri Register*. It will be published in the *Code of State Regulations* with an effective date of 3/30/00.

**12 CSR 10-111.013—Drugs and Medical Equipment.** This rule explains the sales tax law as it applies to drugs and medical equipment exemptions. Section 144.030.2(18), RSMo, provides an exemption for prescription drugs, orthopedic and prosthetic devices, numerous dental items, hearing aids, hearing aid supplies and certain sales of over-the-counter drugs.

Proposed Rule—The Order of Rulemaking appeared in the March 1, 2000, *Missouri Register*. It will be published in the *Code of State Regulations*, with an effective date of 04/30/00.

**12 CSR 10-111.016—Refunds and Credits.** This rule explains requirements for obtaining a refund or credit on overpayment of sales and use taxes. Section 144.190, RSMo, permits a taxpayer to file a claim for refund of an overpayment of sales or use taxes resulting from a mistake of fact or law. Section 144.100, RSMo, requires a taxpayer to file an amended return to correct an error or omission on a return. Section 144.746, RSMo, allows the tax-

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payer and the department to extend by agreement the time to file a claim for refund. Section 144.030.2(23), RSMo, establishes special refund procedures for purchasers of domestic utilities under a non-domestic utility rate classification.

**Proposed Rule**—The final Order of Rulemaking appeared in the February 15, 2000, *Missouri Register*. It will be published in the *Code of State Regulations* with an effective date of 3/30/00.

**12 CSR 10-2.240—Determination of Timeliness.** This amendment permits the use of a private delivery service and indicates what constitutes timely mailing by such service.

**Proposed Amendment**—The final Order of Rulemaking appeared in the February 15, 2000, *Missouri Register*. It will be published in the *Code of State Regulations* with an effective date of 3/30/00.

12 CSR 10-5.015— **Effective Date**

12 CSR 10-5.020— **Tax Imposed**

12 CSR 10-5.035— **Deductions**

12 CSR 10-5.105— **Erroneous Business Locations Transfers from City-to-City**

12 CSR 10-5.520— **Effective Date**

12 CSR 10-11.030— **Effective Date**

12 CSR 10-11.040— **Tax Imposed**

12 CSR 10-11.090— **When County Tax Applies**

12 CSR 10-11.190— **Erroneous Business Locations Transfers from County-to-County**

12 CSR 10-11.200— **Adjustment to Decennial Census by St. Louis County Area**

12 CSR 10-11.210— **Distribution of Delinquent Sales Tax (St. Louis County Area)**

12 CSR 10-11.220— **Requirements for Filing the Incorpora-**

**tion of a New Political Subdivision (St. Louis County)**

12 CSR 10-11.230— **Adjustments Based Upon Annexation of Political Subdivisions (St. Louis County)**

The above listed rules have been rescinded; they are being replaced with new rules. All of the above rules have had the final Order of Rulemaking filed with the Secretary of State Administrative Rules Division, and will appear in the 04/03/00, *Missouri Register*. These rules will be published in the *Code of State Regulations* with an effective date of 05/30/00.

**12 CSR 10-109.050—Taxation of Computer Software Programs.** This rule explains when the sale of software is treated as a taxable sale of tangible personal property and when the sale is treated as a nontaxable sale of a service.

**Proposed Rule**—The final Order of Rulemaking will appear in the 04/17/00, *Missouri Register*. It will appear in the *Code of State Regulations* with an effective date of 05/30/00.

**12 CSR 10-103.360—Titling and Sales Tax Treatment of Boats and Outboard Motors.** Section 144.020.1(1), RSMo, taxes the retail sale of tangible personal property. This rule interprets the sales tax law as it applies to the sale and lease of watercraft and outboard motors pursuant to sections 144.020.1(8), 144.069 and 144.070, RSMo. Chapter 306 requires the owner to obtain a certificate of title for certain watercraft and outboard motors from the Department of Revenue

**Proposed Rule**—The final Order of Rulemaking will appear in the 04/03/00, *Missouri Register*. It will appear in the *Code of State Regulations* with an effective date of 05/30/00.

**12 CSR 10-103.390—Veterinary Transactions.** Sections 144.010.1(9) and 144.020.1(1), RSMo, taxes the retail sale of tangible personal property. This rule interprets the sales tax laws as they apply to veterinarians. This

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rule also interprets sales tax exemptions that apply to veterinarians including section 144.030.2(22), RSMo.

Proposed Rule—The final Order of Rulemaking will appear in the 04/03/00, *Missouri Register*. It will appear in the *Code of State Regulations* with an effective date of 05/30/00.

**12 CSR 10-103.500—Sales of Food and Beverages to and by Public Carriers.** Section 144.020.1(1), RSMo, taxes the retail sale of tangible personal property. This rule interprets the sales tax law as it applies to the sale of food and beverages to and by public carriers.

Proposed Rule—The final Order of Rulemaking will appear in the 04/03/00, *Missouri Register*. It will appear in the *Code of State Regulations* with an effective date of 05/30/00.

**12 CSR 10-112.300—Sales to the United States Government and Government Contractors.** This rule explains the tax consequences of transactions involving the United States government and government contractors including the exemptions and exclusions provided by sections 144.030.1, 144.010.1(9) and 144.030.2(6), RSMo.

Proposed Rule—The final Order of Rulemaking will appear in the 04/03/00, *Missouri Register*. It will appear in the *Code of State Regulations* with an effective date of 05/30/00.

**12 CSR 10-41.010—Annual Adjusted Rate of Interest.** This amendment establishes the 2000 annual adjusted rate of interest to be charged or paid on tax underpayments and overpayments at 8% as prescribed by Section 32.065, RSMo.

Emergency Amendment—Published in the *Missouri Register* 12/15/99, effective 01/01/00, expires 06/28/00.

Proposed Amendment—The final Order of Rulemaking will appear in the 04/03/00, *Missouri Register*. It will appear in the *Code of State Regulations* with an effective date of 05/30/00.

**12 CSR 10-101.500—Burden of Proof.** Section 136.300, RSMo, addresses which party has the burden of proof on any factual issue relevant to ascertaining the liability of a taxpayer. Sections 32.200, article V, section 2; 144.210; and 144.635, RSMo, also address the burden of

proof and in particular the use of exemption certificates to meet the burden. Section 621.050, RSMo, addresses which party has the burden of proof in a proceeding before the administrative hearing commission. This rule explains how these rules work together to determine which party has the burden of proof in a dispute involving sales or use tax.

The final Order of Rulemaking has been filed with the Joint Committee on Administrative Rules and is currently in waiting period.

**12 CSR 10-111.060—Material Recovery Processing Plant Exemption.** Section 144.030.2(4), RSMo, exempts from taxation machinery and equipment and certain materials and supplies used to establish new, or to replace or expand existing, material recovery processing plants in this state. This rule explains the elements that must be met in order to qualify for the exemption.

The final Order of Rulemaking has been filed with the Joint Committee on Administrative Rules and is currently in waiting period.

**12 CSR 10-2.015—Employers' Withholding of Tax.** This amendment is to bring the Form MO W-3 due date in agreement with the Internal Revenue Service due date for Form W-3, change the threshold for monthly filers and bring the retention of undeliverable employee Form W-2s in agreement with the Internal Revenue Service.

Emergency Amendment—Published in the *Missouri Register* 01/03/00, effective 12/10/99, expires 05/06/00.

The final Order of Rulemaking has been filed with the Joint Committee on Administrative Rules and is currently in waiting period.

**12 CSR 10-103.200—Isolated or Occasional Sale.** Section 144.020.1(1), RSMo, imposes a tax on sellers engaged in the business of selling tangible personal property or rendering taxable service at retail. Section 144.010.1(2), RSMo, excludes certain isolated or occasional sales from tax. This rule explains when a sale is a nontaxable, isolated or occasional sale.

The final Order of Rulemaking has been filed with the Joint Committee on Administrative

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Rules and is currently in waiting period.

**12 CSR 10-103.610—Sales of Advertising.** This rule explains, pursuant to section 144.034, RSMo, when sales of advertising are sales of a service, which are not subject to tax, and when such sales of advertising are sales of tangible personal property, which are subject to tax.

The final Order of Rulemaking has been filed with the Joint Committee on Administrative Rules and is currently in waiting period.

**12 CSR 10-110.910—Livestock.** Sections 144.030.2(1), 144.030.2(7), 144.030.2(22), 144.030.2(29), 144.030.2(32), RSMo, exempt from taxation certain livestock, feed and feed additives, medicines and vaccines, and pesticides and herbicides. This rule explains the requirements that must be met to qualify for these exemptions.

The final Order of Rulemaking is being drafted, comments were received. The Order will be filed in the near future.

**12 CSR 10-110.920—Sales of Grains, Seed, Pesticides, Herbicides and Fertilizers.**

Sections 144.030.2(1), (22), and (32), RSMo, exempt the sales of certain grains, seed, pesticides, limestone, fertilizer and herbicides. This rule explains the requirements that must be met in order to qualify for these exemptions. Section 144.020.1(3), RSMo, taxes certain utility services. This rule explains the application of this taxing provision for sales to agricultural consumers.

The final Order of Rulemaking is being drafted, comments were received. The Order will be filed in the near future.

**12 CSR 10-3.460—Return Required.** This amendment changes the threshold for monthly filers.

Emergency Amendment—Published in the Missouri Register 01/14/00, effective 01/01/00, expires 06/28/00.

If you would like to receive a copy of any of the rules listed above, please contact the Secretary of State, Administrative Rules Division, P.O. Box 778, Jefferson City, MO 65102.

This is a 42% percent increase in returns processed over last tax season. The increase in tax returns corresponds to a large boost in tax refunds, as well. The department has sent out over 230 million dollars in refunds to 783,500 taxpayers so far this year. The department attributes much of the early and electronic filing to an increase in taxpayers receiving refunds, as a result of state tax cuts over the past four years.

**T**he improvements in state tax processes were recognized in November 1999

with a Missouri Team Quality Award, the first ever received by a public-sector team.

Although most refunds to date have been received in about a week, after March 31 that will change. During April, the department will shift resources to expedite processing of the deluge of checks expected as the filing deadline approaches.

If you owe money on your return the department has a system to allow you to charge your taxes to your MasterCard, Discover or American Express credit card.

After you submit your return electronically, by telephone or on paper you can use the toll free number 1-888-296-6509 and charge your taxes. A convenience fee is charged on these transactions.

**A**s a reminder, file electronically or Telefile, if you qualify. Electronic or Telefiled returns will be processed faster and you will have your refund quicker!

# Tax Calendar

## Due Dates for May – August 2000

### May

- 1 Monthly Sales/Use Tax Return
- Quarterly Sales/Use Tax Return
- Quarterly Withholding Return
- Monthly Withholding Return
- Motor Fuel/Distributor Report
- Tire Fee
- Quarterly Insurance Tax Payment
- 2 Motor Fuel Suppliers Report
- 3 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 15 Monthly Withholding Return
- Cigarette Tax Credit Account and Return
- Other Tobacco Products Monthly Report
- Form MO-1120/MO-60 for Calendar Year Trusts (Federal Form 990T)
- 18 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 22 Monthly Sales/Use Tax Return
- Quarter-Monthly Sales Tax
- Cigarette Tax Cash Accounts Return
- 25 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 31 Motor Fuel/Distributor Report

### June

- 1 Quarterly Insurance Tax Payments
- 2 Motor Fuel Suppliers Report
- 5 Quarter-Monthly Sales Tax

Quarter-Monthly Withholding Payment

- 12 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 15 Estimated Tax Declarations for Individuals
- Estimated Tax Declarations for Calendar Year Corporations
- Monthly Withholding Return
- Cigarette Tax Credit Account and Return
- Other Tobacco Products Monthly Report
- 20 Monthly Sales/Use Tax Return
- Cigarette Tax Cash Account
- Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 27 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 30 Motor Fuel/Distributor Report

### July

- 5 Motor Fuel Suppliers Report
- 6 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 12 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 17 Cigarette Tax Credit Account and Return
- Other Tobacco Products Monthly Report
- 19 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment

Payment

- 20 Cigarette Tax Cash Account Return
- 26 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 31 Monthly Sales/Use Tax Returns
- Quarterly Sales/Use Tax Returns
- Quarterly Withholding Returns
- Monthly Withholding Returns
- Motor Fuel/Distributor Reports
- Tire Fee
- Quarterly Insurance Tax Payments

### August

- 2 Motor Fuel Suppliers Report
- 3 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 15 Individual Income Tax with Automatic Extension
- Monthly Withholding Returns
- Cigarette Tax Credit Account and Return
- Other Tobacco Products Monthly Report
- 18 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 21 Monthly Sales/Use Tax Returns
- Cigarette Tax Cash Accounts
- 25 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 31 Motor Fuel/Distributors Report

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